

## Message Text

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E.O. 11652: N/A

TAGS: PDIP, ECON, TP

SUBJ: BLODGETT VISIT TO SAO TOME AND PRINCIPE (STP)

1. SUMMARY: DURING COURSE OF TWO-DAY ORIENTATION VISIT TO SAO TOME, DESK OFFICER BLODGETT AND DCM MET WITH FONMIN D'ALVA JAN. 31 AND PRIMIN TRAVOADA FEB. 1. MEETING WITH D'ALVA PERMITTED CONCLUSION OF ARRANGEMENTS FOR ACCREDITATION OF AMBASSADOR STEIGMAN FEB. 14 AND OFFERED OPPORTUNITY TO DISCUSS GSTP REPRESENTATION ABROAD. TROVOADA DESCRIBED DIFFICULT ECONOMIC SITUATION FACING GSTP AND UNDERLINED NEED FOR USG ASSISTANCE. END SUMMARY.

2. ACCREDITATION OF U.S. AMBASSADOR: ALONG WITH ORIENTATION OF BLODGETT, PRIMARY OBJECTIVE OF STP VISIT WAS TO ARRANGE PRESENTATION OF CREDENTIALS BY AMBASSADOR STEIGMAN. D'ALVA AND LATER PRIMIN TROVOADA READILY AGREED TO PROPOSED DATE OF FEB. 14 FOR ACCREDITATION.

BOTH EXPRESSED PLEASURE AS WELL THAT BILATERAL COMMUNICATIONS NOW BEING IMPROVED AND WISH TO USE FIRST CONVENIENT OPPORTUNITY TO DISCUSS COOPERATION BETWEEN COUNTRIES WITH NEW AMBASSADOR.

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3. GSTP REPRESENTATION ABROADPV AFTER ARRANGEMENTS FOR

ACCREDITATION CONCLUDED, D'ALVA SPOKE OF HIS GOVERNMENT'S PLANS FOR REPRESENTATION ABROAD. GSTP HAS NAMED ONLY ONE AMBASSADOR, DEAMORIM, WHOSE PRIMARY RESPONSIBILITY IS PORTUGAL AND WHO IS NORMALLY RESIDENT IN LISBON. HOWEVER, SHE ALSO IS SAO TOME'S PERMANENT UN REPRESENTATIVE AND IS ACCREDITED TO ROMANIAN GOVERNMENT AS WELL. D'ALVA SAID THIS WAS TEMPORARY ARRANGEMENT SINCE DEAMORIM OBVIOUSLY NOT ABLE TO COVER ALL THREE JOBS WELL. FOREIGN MINISTRY NOW STUDYING FEASIBILITY OF PUTTING PERMANENT REPRESENTATIVE IN U.S., BASED IN EITHER NEW YORK OR WASHINGTON, WITH ACCREDITATION TO BOTH USG AND UN. ACCORD-INT TO D'ALVA, GSTP DECISION SHOULD BE MADE BY END OF MONTH AND WILL HINGE ON FINANCIAL CONSIDERATIONS.

4. SAO TOME'S ECONOMIC SITUATION: CONVERSATION WITH PRIMIN TROVOADA, WHO ALSO RESPONSIBLE FOR ECONOMIC DEVELOPMENT AND INTERNATIONAL COOPERATION, TURNED AROUND GSTP'S ECONOMIC SITUATION. TROVOADA REPEATED OLD THEME THAT STP'S MOST PRESSING SHORT-TERM PROBLEM IS LACK OF GOVERNMENT REVENUES AND UNSTABLE FINANCIAL SITUATION. STP ESCUDO TIED TO PORTUGAL'S, BUT WITHOUT GUARANTEED CONVERTIBILITY. TROVOADA NOW FACED WITH NEW THREAT OF DEVALUATION OF PORTUGUESE ESCUDO AS WELL AS CONTINUING DEFICITS IN GSTP BUDGET. HE HAS ASKED IMF SEND EXPERT TO ADVISE BEST COURSE OF ACTION IN WHAT HE DESCRIBED AS EXTREMELY DIFFICULT SITUATION. IMF APPARENTLY NOT YET COMMITTED TO SEND HELP, BUT TROVOADA DETERMINED TO KEEP TRYING.

5. TOURISM: IN DISCUSSING DEVELOPMENT OF TOURISM, TROVOADA MENTIONED THAT HE NOW CORRESPONDING WITH SHEARATON CHAIN WHICH HE HOPES WOULD MANAGE SMALL HOTEL IN SAO TOME. TROVOADA BELIEVES THAT ENOUGH CONVENTION TRADE COULD BE GENERATED TO MAKE SUCH HOTEL A SUCCESS IN THE ISLANDS. HE ALSO SPOKE OF PLANS FOR CONVERTING EXISTING STRUCTURES TO MOTEL-TYPE FACILITIES TO ATTRACT TOURISTS FROM COUNTRIES AROUND GULF OF GUINEA SUCH AS GABON, CAMEROON AND NIGERIA. ACTION REQUESTED: WOULD APPRECIATE DEPT. INQUIRY TO DETERMINE STATUS OF SHERATON INTERST IN SAO TOME HOTEL. TROVOADA'S CONTACT IS ANDRE MAS IN SHERATON'S BRUSSELS OFFICE. INFORMATION COULD BE USEFUL DURING AMBASSADOR'S LIMITED OFFICIAL USE

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VISIT FEB. 13-15.

6 USG ASSISTANCE: WHEN CONVERSATION SHIFTED TO SUBJECT OF USG ASSISTANCE TO STP, BLODGETT BRIEFLY REVIEWED REGIONAL TRAINING PROGRAM ADMINISTERED BY AAI, \$100,000 INDEPENDENCE GIFT AND \$70,000 OF FOOD CONTRIBUTED TO WFP FOR STP RELIEF PROGRAM. TROVOADA WAS GRATEFUL FOR WHAT HAS BEEN DONE AND SAID HE HOPED USG COULD CONTINUE

ASSISTANCE, WHICH, EVEN IF SMALL IN ABSOLUTE TERMS, WOULD HAVE LARGE IMPACT ON HIS MICROCOSMIC COUNTRY. BLODGETT EXPLAINED BRIEFLY THE CONSTRAINTS ON US BILATERAL ASSISTANCE, BUT ADDED THAT AID REPRESENTATIVE CHAMBERLAIN WILL PROBABLY MAKE EXPLORATORY VISIT IN APRIL.

7. GSP: THE GSP WAS ALSO EXPLAINED TO TROVOADA AS IMPORTANT TYPE OF USG ASSISTANCE TO COUNTRIES SUCH AS SAO TOME SINCE IT OFFERS INCENTIVE TO ESTABLISH TRANSITION INDUSTRIES FOR LOCALLY-PRODUCED PRIMARY PRODUCTS. BLODGETT GAVE TROVOADA COPY OF LIST OF ARTICLES AND COUNTRIES ELIGIBLE FOR GSP. TROVOADA SEEMED TO UNDERSTAND GSP PRINCIPLE SINCE HE MENTIONED POSSIBILITIES OF BUILDING SMALL COCOA AND FISH PROCESSING PLANTS THAT WOULD BENEFIT FROM GSP ELIMINATION OF TARIFFS. (HOWEVER, HIS MANNER INDICATED MORE INTEREST IN SHORT-TERM DIRECT ASSISTANCE THAN FOR THE INDIRECT LONG-RANGE HELP OF GSP.)

8. COMMENT: PRIMARY IMPRESSION TAKEN AWAY FROM SAO TOME MEETINGS BY BLODGETT AND DCM IS OF STRONGLY POSITIVE ATTITUDE OF GSP OFFICIALS. THEY SEEM CONFIDENT IN THEIR GOVERNMENT'S ABILITY TO SURVIVE ITS CURRENT FINANCIAL AND ECONOMIC DIFFICULTIES AND TO GO ON TO BUILD SUCCESSFUL ECONOMIC BASE AND NEW POLITICAL AND SOCIAL STRUCTURE IN THE ISLANDS. STEIGMAN

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